

CLAIMS

What is claimed is:

1. A method for classifying an investment item by historical price pattern, comprising the steps of:

providing a plurality of said historical price patterns, each having associated therewith predefined logic rules;

obtaining a time parameter;

determining a first historical price average for said investment item;

determining a second historical price average for said investment item;

determining a third historical price average for said investment item;

verifying said investment item price activity exceeds a minimum volatility;

selecting an applicable historical price pattern for said investment item from said plurality of historical price patterns using said first historical price average, said second historical price average, and said third historical price average.

2. A method according to claim 1 wherein said time parameter is measured in any block of time.

3. A method according to claim 1 wherein said first historical price average is the most distant one-third of said time parameter.

4. A method according to claim 1 wherein said second historical price average is the middle one-third of said time parameter.

5. A method according to claim 1 wherein said third historical price average is the most recent one-third of said time parameter.

6. A method according to claim 1 wherein said third historical price average is the current price for said investment item.

7. A method according to claim 1 wherein said time parameter is determined by a user.

8. A method according to claim 1 wherein said time parameter is pre-determined.

9. A method according to claim 1 wherein said minimum volatility is determined by the steps of:

determining a first minimum value from the group consisting of said first historical price average, said second historical price average, and said third historical price average;

determining a first maximum value from the group consisting of said first historical price average, said second historical price average, and said third historical price average;

determining a first range value by subtracting said first minimum value from said first maximum value;

verifying said first range value is greater than two-thirds of the value of a volatility threshold.

10. A method according to claim 9 wherein said volatility threshold is set to an average tracking error value.

11. A method according to claim 9 wherein said volatility threshold is determined by the steps of:

determining a fourth historical price average for an investment item;

determining a fifth historical price average for said investment item;

determining a sixth historical price average for said investment item;

determining a second minimum value from the group consisting of said fourth historical price average, said fifth historical price average, and said sixth historical price average;

determining a second maximum value from the group consisting of said fourth historical price average, said fifth historical price average, and said sixth historical price average;

determining a second range value by subtracting said second minimum value from said second maximum value;

assigning said volatility threshold the value of said second range value.

12. A method according to claim 11 wherein said fourth historical price average is the most distant of the second most recent block of time as measured by said time parameter.

13. A method according to claim 11 wherein said fifth historical price average is the middle one-third of the second most recent block of time as measured by said time parameter.

14. A method according to claim 11 wherein said sixth historical price average is the most recent one-third of the second most recent block of time as measured by said time parameter.

15. A method according to claim 1 wherein said price pattern classification for said investment item is determined to be "no pattern" for having insufficient volatility.

16. A method according to claim 1 wherein said plurality of historical price patterns includes an rocket, bomb, slider, glider, mountain, valley, sinker, jumper, climber, stumbler, lowhook, and highhook.

17. A method according to claim 16 wherein the step of selecting said applicable historical price pattern includes the steps of:

determining a Price Sector Ratio Coefficient;

label said investment item as said highhook if said logic rules for said highhook are fulfilled;

label said investment item as said mountain if said logic rules for said mountain are fulfilled;

label said investment item as said stumbler if said logic rules for said stumbler are fulfilled;

label said investment item as said bomb if said logic rules for said bomb are fulfilled.

18. A method according to claim 17 wherein said Price Sector Ratio Coefficient is pre-determined.

19. A method according to claim 17 wherein said Price Sector Ratio Coefficient is provided by a user.

20. A method according to claim 17 wherein said logic rules for said rocket include the steps of:

determining a high price pattern threshold;

determining a low price pattern threshold;

verifying said first historical price average is less than said low price pattern threshold;

verifying said second historical price average is less than said low price pattern threshold;

verifying said third historical price average is greater than said high price pattern threshold.

21. A method according to claim 20 wherein said high price pattern threshold is set to infinity.

22. A method according to claim 20 wherein said low price pattern threshold is determined by the steps of:

determining an absolute value of said first historical price average less said second historical price average;

determining a first result by multiplying said absolute value by said Price Sector Ratio Coefficient;

adding said first result to said second historical price average.

23. A method according to claim 17 wherein said logic rules for said jumper include the steps of:

determining a high price pattern threshold;

determining a low price pattern threshold;

verifying said first historical price average is less than said high price pattern threshold;

verifying said first historical price average is greater than said low price pattern threshold;

verifying said second historical price average is less than said low price pattern threshold;

verifying said third historical price average is greater than said high price pattern threshold.

24. A method according to claim 23 wherein said high price pattern threshold is determined by the steps of:

determining an absolute value of said first historical price average less said second historical price average;

determining a first result by multiplying said absolute value by said Price Sector Ratio Coefficient;

adding said first result to said second historical price average.

25. A method according to claim 23 wherein said low price pattern threshold is determined by the steps of:

determining an absolute value of said first historical price average less said second historical price average;

determining a first result by subtracting one from said Price Sector Ratio Coefficient;

determining a second result by dividing said Price Sector Ratio Coefficient by said first result;

determining a third result by multiplying said absolute value by said second result;

adding said third result to said second historical price average.

26. A method according to claim 17 wherein said logic rules for said valley include the steps of:

determining a high price pattern threshold;

determining a low price pattern threshold;

verifying said first historical price average is greater than said high price pattern threshold;

verifying said second historical price average is less than said low price pattern threshold;

verifying said third historical price average is greater than said high price pattern threshold.

27. A method according to claim 26 wherein said high price pattern threshold is determined by the steps of:

determining an absolute value of said first historical price average less said second historical price average;

determining a first result by subtracting one from said Price Sector Ratio Coefficient;

determining a second result by dividing one by said first result;

determining a third result by multiplying said absolute value by said second result;

adding said third result to said first historical price average.

28. A method according to claim 26 wherein said low price pattern threshold is determined by the steps of:

determining an absolute value of said first historical price average less said second historical price average;

determining a first result by dividing one by said Price Sector Ratio Coefficient;

determining a second result by multiplying said absolute value by said first result;

subtracting said second result from said first historical price average.

29. A method according to claim 17 wherein said logic rules for said lowhook include the steps of:

determining a high price pattern threshold;

determining a low price pattern threshold;

verifying said first historical price average is greater than said high price pattern threshold;

verifying said second historical price average is less than said low price pattern threshold;

verifying said third historical price average is less than said high price pattern threshold;

verifying said third historical price average is greater than said low price pattern threshold.

30. A method according to claim 29 wherein said high price pattern threshold is determined by the steps of:

determining an absolute value of said first historical price average less said second historical price average;

determining a first result by dividing one by said Price Sector Ratio Coefficient;

determining a second result by multiplying said absolute value by said first result;

subtracting said second result from said first historical price average.

31. A method according to claim 29 wherein said low price pattern threshold is determined by the steps of:

determining an absolute value of said first historical price average less said second historical price average;

determining a first result by subtracting one from said Price Sector Ratio Coefficient;

determining a second result by dividing said first result by said Price Sector Ratio Coefficient;

determining a third result by multiplying said absolute value by said second result;

subtracting said third result from said first historical price average.

32. A method according to claim 17 wherein said logic rules for said slider include the steps of:

determining a high price pattern threshold;

determining a low price pattern threshold;

verifying said first historical price average is greater than said high price pattern threshold;

verifying said second historical price average is less than said low price pattern threshold;

verifying said third historical price average is less than said low price pattern threshold.

33. A method according to claim 32 wherein said high price pattern threshold is determined by the steps of:

determining an absolute value of said first historical price average less said second historical price average;

verifying said second historical price average is less than said high price pattern threshold;

verifying said second historical price average is greater than said low price pattern threshold;

verifying said third historical price average is less than said low price pattern threshold.

36. A method according to claim 35 wherein said high price pattern threshold is determined by the steps of:

determining an absolute value of said first historical price average less said second historical price average;

determining a first result by subtracting one from said Price Sector Ratio Coefficient;

determining a second result by dividing said Price Sector Ratio Coefficient by said first result;

determining a third result by multiplying said absolute value by said second result;

subtracting said third result from said first historical price average.

37. A method according to claim 35 wherein said low price pattern threshold is determined by the steps of:

determining an absolute value of said first historical price average less said second historical price average;

determining a first result by multiplying said absolute value by said Price Sector Ratio Coefficient;

subtracting said first result from said first historical price average.

38. A method according to claim 17 wherein said logic rules for said bomb include the steps of:

determining a high price pattern threshold;

determining a low price pattern threshold;

verifying said first historical price average is greater than said high price pattern threshold;

verifying said second historical price average is greater than said high price pattern threshold;

verifying said third historical price average is less than said low price pattern threshold.

39. A method according to claim 38 wherein said high price pattern threshold is determined by the steps of:

determining an absolute value of said first historical price average less said second historical price average;

determining a first result by multiplying said absolute value by said Price Sector Ratio Coefficient;

subtracting said first result from said first historical price average.

40. A method according to claim 38 wherein said low price pattern threshold is set to nil.

41. A method according to claim 17 wherein said logic rules for said rocket include the steps of:

determining a high price pattern threshold;
determining a low price pattern threshold;
verifying said first historical price average is less than
said low price pattern threshold;
verifying said second historical price average is less than
said low price pattern threshold;
verifying said third historical price average is greater
than said high price pattern threshold.

42. A method according to claim 41 wherein said high price
pattern threshold is set to infinity.

43. A method according to claim 41 wherein said low price
pattern threshold is determined by the steps of:

determining an absolute value of said first historical
price average less said second historical price average;

determining a first result by multiplying said absolute
value by said Price Sector Ratio Coefficient;

adding said first result to said first historical price
average.

44. A method according to claim 17 wherein said logic rules for
said bomb include the steps of:

determining a high price pattern threshold;
determining a low price pattern threshold;
verifying said first historical price average is greater
than said high price pattern threshold;

verifying said third historical price average is greater than said high price pattern threshold.

48. A method according to claim 47 wherein said high price pattern threshold is determined by the steps of:

determining an absolute value of said first historical price average less said second historical price average;

determining a first result by multiplying said absolute value by said Price Sector Ratio Coefficient;

adding said first result to said first historical price average.

49. A method according to claim 47 wherein said low price pattern threshold is determined by the steps of:

determining an absolute value of said first historical price average less said second historical price average;

determining a first result by subtracting one from said Price Sector Ratio Coefficient;

determining a second result by dividing said Price Sector Ratio Coefficient by said first result;

determining a third result by multiplying said absolute value by said second result;

adding said third result to said first historical price average.

50. A method according to claim 17 wherein said logic rules for said glider include the steps of:

determining a high price pattern threshold;

determining a low price pattern threshold;

verifying said first historical price average is less than said low price pattern threshold;

verifying said second historical price average is greater than said high price pattern threshold;

verifying said third historical price average is greater than said high price pattern threshold.

51. A method according to claim 50 wherein said high price pattern threshold is determined by the steps of:

determining an absolute value of said first historical price average less said second historical price average;

determining a first result by subtracting one from said Price Sector Ratio Coefficient;

determining a second result by dividing one by said first result;

determining a third result by multiplying said absolute value by said second result;

adding said third result to said second historical price average.

52. A method according to claim 50 wherein said low price pattern threshold is determined by the steps of:

determining an absolute value of said first historical price average less said second historical price average;

determining a first result by dividing one by said Price Sector Ratio Coefficient;

determining a second result by multiplying said absolute value by said first result;

subtracting said second result from said second historical price average.

53. A method according to claim 17 wherein said logic rules for said highhook include the steps of:

determining a high price pattern threshold;

determining a low price pattern threshold;

verifying said first historical price average is less than said low price pattern threshold;

verifying said second historical price average is greater than said high price pattern threshold;

verifying said third historical price average is greater than said low price pattern threshold;

verifying said third historical price average is less than said high price pattern threshold.

54. A method according to claim 53 wherein said high price pattern threshold is determined by the steps of:

determining an absolute value of said first historical price average less said second historical price average;

determining a first result by dividing one by said Price Sector Ratio Coefficient;

determining a second result by multiplying said absolute value by said first result;

subtracting said second result from said second historical price average.

55. A method according to claim 54 wherein said low price pattern threshold is determined by the steps of:

determining an absolute value of said first historical price average less said second historical price average;

determining a first result by subtracting one from said Price Sector Ratio Coefficient;

determining a second result by dividing said first result by said Price Sector Ratio Coefficient;

determining a third result by multiplying said absolute value by said second result;

subtracting said third result from said second historical price average.

56. A method according to claim 17 wherein said logic rules for said mountain include the steps of:

determining a high price pattern threshold;

determining a low price pattern threshold;

verifying said first historical price average is less than said low price pattern threshold;

verifying said second historical price average is greater than said high price pattern threshold;

verifying said third historical price average is less than said low price pattern threshold.

57. A method according to claim 56 wherein said high price pattern threshold is determined by the steps of:

determining an absolute value of said first historical price average less said second historical price average;

determining a first result by dividing one by said Price Sector Ratio Coefficient;

determining a second result by multiplying said absolute value by said first result;

adding said second result to said first historical price average.

58. A method according to claim 56 wherein said low price pattern threshold is determined by the steps of:

determining an absolute value of said first historical price average less said second historical price average;

determining a first result by subtracting one from said Price Sector Ratio Coefficient;

determining a second result by dividing one by said first result;

determining a third result by multiplying said absolute value by said second result;

subtracting said third result from said first historical price average.

59. A method according to claim 17 wherein said logic rules for said stumbler include the steps of:

determining a high price pattern threshold;
determining a low price pattern threshold;
verifying said first historical price average is less than said high price pattern threshold;
verifying said first historical price average is greater than said low price pattern threshold;
verifying said second historical price average is greater than said high price pattern threshold;
verifying said third historical price average is less than said low price pattern threshold.

60. A method according to claim 59 wherein said high price pattern threshold is determined by the steps of:

determining an absolute value of said first historical price average less said second historical price average;
determining a first result by subtracting one from said Price Sector Ratio Coefficient;
determining a second result by dividing said Price Sector Ratio Coefficient by said first result;
determining a third result by multiplying said absolute value by said second result;
subtracting said third result from said second historical price average.

61. A method according to claim 59 wherein said low price pattern threshold is determined by the steps of:

determining an absolute value of said first historical price average less said second historical price average;

determining a first result by multiplying said absolute value by said Price Sector Ratio Coefficient;

subtracting said first result from said second historical price average.

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